

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-18019
WISCONSIN ELECTRIC POWER COMPANY)	
to fully comply with Public Act 295 of 2008.)	
_____)	

At the December 20, 2016 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On May 10, 2016, Wisconsin Electric Power Company (WEPCo) filed an application, with supporting testimony and exhibits, requesting approval of its energy optimization (EO) annual report and reconciliation of its EO payments and revenues for the period ended December 31, 2015. The filing also included a request for a declaratory ruling and a request that the Commission grant an extension of the April 30, 2016, due date for filing of the application.

On June 2, 2016, Administrative Law Judge Sharon L. Feldman conducted a prehearing conference, and the petition to intervene filed by Tilden Mining Company L.C. and Empire Iron Mining Partnership (Empire Mine) (collectively, the Mines) was granted. WEPCo, the Commission Staff, and the Mines participated in the proceeding. Subsequently, the parties submitted a settlement agreement resolving all the issues in this case.

Under the terms of the settlement agreement, attached as Exhibit A, the parties agree that:

(1) the company's reconciliation of EO costs and revenues for 2015, with interest, results in a net overrecovery (including interest through December 31, 2015) of \$455,572.30, which shall be rolled into its 2016 EO reconciliation; (2) WEPCo's EO reconciliation meets the requirements of 2008 PA 295 (Act 295) and should be approved; (3) the company's EO annual report meets the requirements of Act 295, and should be approved; (4) for 2017, WEPCo shall pay to the independent EO program administrator 2% of the company's 2015 total retail sales revenues, an amount that excludes the retail sales to Empire Mine in 2015, because Empire Mine is not expected to be operational in 2017; (5) in the event the Empire Mine consumes energy as WEPCo's customer in 2017, the company will charge Empire Mine the EO surcharge appropriate for the type of service received, and will address the treatment of the revenues from such charges in a future EO case or a re-opening of this case; and (6) WEPCo should be granted an extension of the due date for the filing of its application as requested.

In addition, the parties agree that if the Commission approves the joint application filed in Case No. U-18061 requesting approvals necessary to establish Upper Michigan Energy Resources Corporation (UMERC), with the Mines remaining customers of WEPCo until termination of the special contracts approved in Case No. U-17862, then WEPCo's 2017 EO payment to the independent EO administrator will be \$1,337,093, and UMERC's 2017 EO payment will be \$912,802.

The parties further agree that WEPCo's revised EO surcharges, effective for service rendered on and after January 1, 2017, are those contained in Attachment A to the settlement agreement, and UMERC's EO surcharges for its customers effective for service rendered on and after January 1, 2017 shall be those contained in Attachment A to the settlement agreement, unless the

Commission approves new EO surcharges in Case No. U-18061 or other EO proceeding. If the Commission does not approve the joint application filed in Case No. U-18061, or if UMEREC does not provide service in 2017, then WEPCo's 2017 EO payment will be \$2,249,895 and, effective for service rendered on and after January 1, 2017, WEPCo shall charge the EO surcharges as set forth on the tariff sheets attached to the settlement agreement as Attachment B.

The Commission finds that the settlement agreement is reasonable and prudent, meets the requirements of Act 295, and should be approved.

THEREFORE, IT IS ORDERED, that:

- A. The settlement agreement attached as Exhibit A is approved.
- B. Wisconsin Electric Power Company's energy optimization annual report is approved.
- C. Wisconsin Electric Power Company's reconciliation of the 2015 energy optimization payments and revenues meets the requirements of 2008 PA 295 and is approved, and the over-recovery (including interest through December 31, 2015) of \$455,572.30 shall be rolled into its 2016 energy optimization costs and reconciliation.
- D. Energy optimization surcharges and payments, based on the conditions set forth in the settlement agreement, are approved.
- E. Wisconsin Electric Power Company's request for an extension of the due date for its filing is granted.
- F. At least ten days prior to implementing energy optimization surcharges, Wisconsin Electric Power Company or the Upper Michigan Energy Resources Corporation shall file tariff sheets substantially similar to those contained in the attachments to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel.

Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of December 20, 2016.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion)	
regarding the regulatory reviews, revisions,)	
determinations, and/or approvals necessary for)	Case No. U-18019
WISCONSIN ELECTRIC POWER COMPANY)	
to fully comply with Public Act 295 of 2008.)	
<hr/>)	

SETTLEMENT AGREEMENT

Pursuant to MCL 24.278 and Rule 431 of the Rules of Practice and Procedure before the Michigan Public Service Commission ("Commission"), Mich Admin Code, R 792.10431, Wisconsin Electric Power Company ("Wisconsin Electric" or the "Company"), Tilden Mining Company L.C. and Empire Iron Mining Partnership (collectively, the "Mines"), and the Commission Staff ("Staff") agree as follows:

1. On March 29, 2016, the Commission issued its Order in Case No. U-18021 *et al.*, opening the docket in this matter and directing Wisconsin Electric to file its energy optimization ("EO") annual report and reconciliation of EO payments and revenues for the 2015 calendar year. Wisconsin Electric filed its Application, Request for Declaratory Ruling, and supporting testimony and exhibits of Mr. Eric Alan Rogers in this docket on May 11, 2016, and included a request that the Commission grant an extension of the due date for filing for the reasons stated therein.

2. On May 12, 2016, the Commission's Executive Secretary issued the Notice of Hearing in this proceeding directing Wisconsin Electric to: (i) mail a copy of the Notice of Hearing to all cities, incorporated villages, townships and counties in its Michigan electric

service area and to intervenors in Case Nos. U-17777 and U-17837; (ii) publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan electric service area; and (iii) serve copies of its filing on each person who petitioned to intervene. The Company electronically filed its affidavit of mailing, proofs of publication and proof of service in this docket.

3. On June 2, 2016, Administrative Law Judge Sharon L. Feldman (“ALJ”) conducted a prehearing conference, and the Mines’ Petition to Intervene was granted. The Company, the Staff, and the Mines participated in the proceedings.

4. The parties have participated in settlement discussions and agree as follows:

a. Wisconsin Electric’s reconciliation of EO payments and revenues for 2015, with interest, results in a net over-recovery (including interest through December 31, 2015) of \$455,572.30, which shall be rolled into its 2016 EO costs and reconciliation.

b. The Company’s EO reconciliation meets the requirements of 2008 Public Act 295 and should be approved by the Commission.

c. The EO annual report meets the requirements of 2008 Public Act 295, and should be approved by the Commission.

d. In determining the amount Wisconsin Electric will pay to the EO Administrator in 2017, which is based on 2% of the Company’s 2015 total retail sales revenues, Wisconsin Electric shall exclude, and has excluded, the retail sales received from Empire Mine in 2015, as Empire Mine is not expected to be operational in 2017.

e. If the Commission approves the Joint Application filed in Case No. U-18061 requesting approvals necessary to establish Upper Michigan Energy Resources Corporation (“UMERC”), a Michigan jurisdictional utility serving electric and gas customers only in Michigan, with the Mines remaining customers of Wisconsin Electric

until termination of the 2015-2019 Large Curtailable Special Contracts approved in Case No. U-17862 (unless the transfer were to occur at a different time on agreement of WEPCo and the Mines), then WEPCo's 2017 EO payment to the Administrator will be \$1,337,093, and UMEREC's 2017 EO payment to the Administrator will be \$912,802. WEPCo's revised EO surcharges, effective for service rendered on and after January 1, 2017, will be those contained in Attachment A to this settlement agreement, and UMEREC's EO surcharges for its customers effective for service rendered on and after January 1, 2017 shall be those contained in Attachment A, unless the Commission approves new EO surcharges in Case No. U-18061 or other EO proceeding.

f. If the Commission does not approve the Joint Application filed in Case No. U-18061, or if UMEREC does not provide service in 2017, then Wisconsin Electric's 2017 EO payment will be \$2,249,895, and effective for service rendered on and after January 1, 2017, Wisconsin Electric shall charge the EO surcharges as set forth on the tariff sheets attached to this settlement agreement as Attachment B.

g. In the event that the Empire Mine has energy consumption as a customer of Wisconsin Electric in 2017, Wisconsin Electric will charge the Empire Mine the EO surcharge appropriate for the type of service received, and will address the treatment of the revenues from such charges in a future EO case or a re-opening of this case.

h. Wisconsin Electric should be granted an extension of the due date for the filing of its Application as requested therein.

5. All of the signatories are of the opinion that this settlement agreement is reasonable, prudent and will aid in the expeditious conclusion of this case.

6. This settlement agreement is entered into for the sole and express purpose of reaching a compromise among the parties. All offers of settlement and discussions relating to

this settlement are considered privileged under MRE 408. If the Commission approves this settlement agreement without modification, neither the parties to the settlement nor the Commission shall make any reference to, or use this settlement agreement or the order approving it, as a reason, authority, rationale or example for taking any action or position or making any subsequent decision in any other case or proceeding; provided, however, such references may be made to enforce or implement the provisions of this settlement agreement and the order approving it.


7. Pursuant to Rule 431(6) of the Commission's Rules of Practice and Procedure, the parties agree any order approving this settlement agreement shall not establish precedent for future proceedings and shall not be used as such. If the Commission approves this settlement agreement, without modification, the undersigned parties agree not to appeal, challenge or otherwise contest the Commission order approving this settlement agreement.

8. This settlement agreement is not severable. Each provision of this settlement agreement is dependent upon all other provisions of this settlement agreement. Failure to comply with any provision of this settlement agreement constitutes failure to comply with the entire settlement agreement. If the Commission rejects or modifies this settlement agreement or any provision of this settlement agreement, this settlement agreement shall be deemed to be withdrawn, shall not constitute any part of the record in this proceeding or be used for any other purpose, and shall not operate to prejudice the pre-negotiation positions of any party.

9. The parties agree to waive Section 81 of the Administrative Procedures Act of 1969 (MCL 24.281), as it applies to the issues in this proceeding, if the Commission approves this settlement agreement without modification.

WISCONSIN ELECTRIC POWER COMPANY


Date: August 12, 2016

By: **Michael C. Rampe**  Digitally signed by: Michael C. Rampe
DN: CN = Michael C. Rampe C = US O = Miller Canfield
Date: 2016.08.12 11:07:05 -04'00'

One of its Attorneys
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TILDEN MINING COMPANY L.C.
EMPIRE IRON MINING PARTNERSHIP


Date: August 12, 2016

By: **Jennifer Utter Heston**  Digitally signed by
Jennifer Utter Heston
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Its Attorney
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MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Date: August 12, 2016

By: **Bryan A. Brandenburg**  Digitally signed by Bryan A. Brandenburg
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Attachment A (Page 1 of 3)

M.P.S.C. No. 4 – Electric
Wisconsin Electric Power Company
(U-18061 Formation of Upper Michigan Energy Resources Corp.)

Original Sheet No. D-5.00

ENERGY OPTIMIZATION SURCHARGE

The Rate CpLC Delivery/distribution Energy Optimization Surcharge per meter, per day for Mines' Special Contracts customers is \$2,122.44 for customers without a self-directed plan and \$133.71 for customers with a self-directed plan. Company assumes one meter per service point.

Issued mmm-ddd-yyy
T.T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after m-d-y

Issued under authority of the
Michigan Public Service Commission
dated mm-dd-yy
in Case No. U-18019

Attachment A (Page 2 of 3)

M.P.S.C. No. 1 – Electric
Upper Michigan Energy Resources Corporation
(Formation of Company)

WEPCo Rate Zone
Original Sheet No. D-5.00

ENERGY OPTIMIZATION SURCHARGE

RESIDENTIAL RATE SCHEDULES

Customers on the Rg1 and Rg2 rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per kWh, as indicated below:
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GENERAL SECONDARY, GENERAL PRIMARY, AND LIGHTING RATE SCHEDULES

Customers on the following rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per meter*, per day, as indicated below.

<u>RATE SCHEDULE</u>	Customers without a Self-Directed Plan	Customers with a Self-Directed Plan
	<u>RATE</u>	<u>RATE</u>
Cg 1	\$0.25248	\$0.01591
Cg 2	\$0.49377	\$0.03111
Cg 3	\$4.35422	\$0.27432
Cg3C	\$4.35422	\$0.27432
Cg 5	\$0.33326	\$0.02100
Cp 1	\$16.23704	\$1.02293
Cp 2	\$165.37226	\$10.41845
Cp 3	\$165.37226	\$10.41845
Cp 4	\$165.37226	\$10.41845
A	\$15.83650	\$0.99770
Cp LC	\$2,122.44	\$133.71
TssM	\$0.10311	\$0.00650
TssU	\$0.10311	\$0.00650
Special Contracts	\$38.17612	\$2.40510

* Company assumes one meter per service point.

Customers on the following rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per lamp, per month, as indicated below.

<u>Lamp Size (Watts)</u>	Customers without a Self-Directed Plan			Customers with a Self-Directed Plan		
	<u>RATE</u>			<u>RATE</u>		
	<u>GL1</u>	<u>Ms2</u>	<u>Ms3</u>	<u>GL1</u>	<u>Ms2</u>	<u>Ms3</u>
50	*	\$0.13	\$0.13	*	\$0.01	\$0.01
70	\$0.18	\$0.18	\$0.18	\$0.02	\$0.02	\$0.02
100	\$0.25	\$0.25	\$0.25	\$0.02	\$0.02	\$0.02
150	\$0.38	\$0.38	\$0.38	\$0.04	\$0.04	\$0.04
175	\$0.44	\$0.44	\$0.44	\$0.04	\$0.04	\$0.04
200	\$0.51	\$0.51	\$0.51	\$0.05	\$0.05	\$0.05
250	\$0.64	\$0.64	\$0.64	\$0.06	\$0.06	\$0.06
400	\$1.02	\$1.02	\$1.02	\$0.10	\$0.10	\$0.10
1000	*	*	\$2.54	*	*	\$0.24

* Not available for this rate.

(Continued on Sheet No. D-5.02)

Issued mm-dd-yy
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after mm-dd-yy

Issued under authority of the
Michigan Public Service Commission
dated mm-dd-yy
in Case No. U-18019

Attachment A (Page 3 of 3)

M.P.S.C. No. 1 – Electric
Upper Michigan Energy Resources Corporation
(Formation of Company)

WEPCo Rate Zone
Original Sheet No. D-6.00

ENERGY OPTIMIZATION SURCHARGE (Continued From Sheet No. D-5.01)

LED STREET LIGHTING SERVICE RATE SCHEDULE

The LED1 rate schedule shall receive an Energy Optimization Surcharge per kWh as shown below. The kWh usage shall be calculated by multiplying the rated input wattage of the original fixture and related accessory equipment by 350 hours.

Customers without a self-directed plan	\$0.00729
Customers with a self-directed plan	\$0.00069

MUNICIPAL DEFENSE SIREN RATE SCHEDULE

The Mg1 rate schedule shall receive an Energy Optimization Surcharge per year or any part of a year for each 2 horsepower or fraction thereof for each siren installed, as shown below.

Customers without a self-directed plan	\$0.11
Customers with a self-directed plan	\$0.01

OTHER RATE SCHEDULES

The following rate schedules shall receive an Energy Optimization Surcharge as indicated above consistent with the rate schedule under which the customer is served. The Energy Optimization Surcharge is not prorated based on the level of participation selected under rate schedules ERER1, ERER2 or ERER3.

RATE SCHEDULE

ERER1

ERER2

ERER3

Ds1

CGS Category 1

Customers contracting for Retail Access Service

Issued mm-dd-yy
T. T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after mm-dd-yy

Issued under authority of the
Michigan Public Service Commission
dated mm-dd-yy
in Case No. U-18019

Attachment B

M.P.S.C. No. 3 – Electric
Wisconsin Electric Power Company
(EO Surcharge Change –U-18019)

Ninth Revised Sheet No. D-5.01
Replaces *Eighth* Revised Sheet No. D-5.01

ENERGY OPTIMIZATION SURCHARGE

Residential Rate Schedules:

Customers on the Rg1 and Rg2 rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per kWh, as indicated below:

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General Secondary, General Primary, and Lighting Rate Schedules:

Customers on the following rate schedules shall receive a Delivery/distribution Energy Optimization Surcharge per meter*, per day, as indicated below.

RATE SCHEDULE	Customers without a Self-Directed Plan	Customers with a Self-Directed Plan
	RATE	RATE
Cg 1	\$0.25248	\$0.01591
Cg 2	\$0.49377	\$0.03111
Cg 3	\$4.35422	\$0.27432
Cg3C	\$4.35422	\$0.27432
Cg 5	\$0.33326	\$0.02100
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A	\$15.83650	\$0.99770
Cp LC**	\$2,122.44	\$133.71
TssM	\$0.10311	\$0.00650
TssU	\$0.10311	\$0.00650
Special Contracts	\$38.17612	\$2.40510

* Company assumes one meter per service point.

**Includes special contract customer formerly served under the CpLC rate schedule.

(Continued on Sheet No. D-5.02)

Issued *mm-dd-yy*
T.T. Eidukas
Vice-President,
Milwaukee, Wisconsin

Effective for service rendered on and
after *January 1, 2017*

Issued under authority of
Michigan Public Service Commission
dated *mmm-ddd-yyy*
in Case No. *U-18019*